

WASHINGTON, DC – The U.S. House today approved final legislation to reduce the cost of college for thousands of Maryland students and their families by boosting the Pell Scholarship and cutting student loan rates in half. Congressman Steny H. Hoyer (D-MD), who appeared at a press conference following the bill's passage with Senate Majority Leader Harry Reid, and the two chairmen of the House and Senate committees through which the bill passed, Senator Edward Kennedy and Rep. George Miller, called the legislation “a landmark investment to make college more affordable and America more competitive.”

The legislation, the College Cost Reduction and Access Act, has been hailed as the single largest investment in college financial aid since the 1944 GI Bill and would result in a \$370 million cumulative cut in college costs for families in the State of Maryland. The Senate also approved the bill today, sending it to President Bush, who is expected to sign it into law.

“While family income has stagnated, the cost of living and the cost of a college education have continued to rise, placing added pressure on aspiring college students and their families and preventing some students from attending college,” stated Rep. Hoyer, noting that tuition at four-year public colleges has grown by 35 percent in the last five years. “The rising costs of college pose greater obstacles to realizing the American dream. This landmark legislation is a tremendous step toward achieving the goal of making college affordable for every qualified student and represents a historic investment in our people, our economic competitiveness, and the future of our nation.”

The Act combines key elements from House and Senate bills that were passed in July. The legislation, which the House passed by an overwhelming bipartisan vote of 292 to 97, would boost college financial aid by more than \$20 billion over the next five years. The bill pays for itself by reducing excessive federal subsidies paid to lenders in the college loan industry by \$20.9 billion. It also includes \$750 million in federal budget deficit reduction.

Under the legislation, the maximum value of the Pell Grant Scholarship would increase by \$1,090 over the next four years, reaching \$5,400 by 2012. This increase would fully restore the purchasing power of the scholarship, which in recent years had been frozen at \$4,050 until Congress boosted its value to \$4,310 earlier this year. About 6 million low- and moderate-income students nationwide, and as many as 69,868 Maryland students who qualify for the scholarship, would benefit from this increase.

To reduce the cost of loans for millions of student borrowers, the Act would cut interest rates in

half on need-based federal student loans, from 6.8 percent to 3.4 percent over the next four years. Once fully phased-in, this would save the typical Maryland student borrower – with \$13,800 in need-based student loan debt – \$4,400 over the life of the loan. About 6.8 million students, including 48,484 Maryland students, take out need-based student loans each year.

Additionally, the legislation would prevent student borrowers from facing unmanageable levels of federal student debt by guaranteeing that borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan repayments and by allowing borrowers in economic hardship to have their loans forgiven after 25 years.

The Act includes a number of other provisions that would ease the financial burden imposed on students and families by the cost of college, including:

- Tuition assistance for excellent undergraduate students who agree to teach in the nation's public schools;
- Loan forgiveness after 10 years of public service and loan repayment for college graduates that go into vital public service jobs;
- Landmark investments in Historically Black Colleges and Universities, Hispanic Serving Institutions and other minority serving institutions; and
- Strategies to help colleges contain costs and make online information on college costs for students and parents more user friendly.

The College Cost Reduction and Access Act represents the single largest investment in higher education since President Franklin Roosevelt signed the GI Bill into law in 1944. The original law enabled 7.8 million veterans of World War II to participate in education or job training programs and is credited for its redeeming impact on the post-war national economy and in building a sustained American middle-class.

For a fact sheet on the legislation, [click here](#).

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